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SUBJECT: CHILE'S PREPARATION FOR APEC SUMMIT

Classified By: DCM Emi Yamauchi for reasons 1.5 (b and d).

11. (C) E/POL Counselor October 27 paid a courtesy call on Ambassador Fernando Schmidt, Director of the MFA's Office for Asian Affairs, and discussed with him, inter alia, Chile's preparations for the upcoming APEC summit in Hanoi. Describing APEC as one of the preeminent fora in which world leaders could gather in a relatively relaxed setting, Schmidt said Chile was arranging an ambitious agenda for President Bachelet and FonMin Foxley. Bilaterals with Australia, New Zealand, and Thailand were almost set, others were in the works. Told the Embassy had recommended a meeting between the Secretary and Foxley, Schmidt said that "of course, we will make time for such a meeting, if offered." (Note: Post understands that an S-Foxley bilat has now been approved and is awaiting a time slot to offer the Chileans. End note.)

12. (C) Schmidt said that Chile favored APEC expansion, but suggested that the USG's position would be key to any enlargement, especially if Colombia and Ecuador are to join APEC. The Asians, Schmidt said, have never truly accepted Latin Americans as integral members of the club so U.S. support is vital. E/POL Counselor noted APEC members are leaning toward continuing a moratorium on expansion but asked if Schmidt thought either Bogota or Quito was ready to join. Colombia was much better prepared, in Schmidt's view. On India's candidacy, Chile would not support New Delhi. India is not a Pacific nation and bringing it in would invariably lead to candidacies by Pakistan and Bangladesh, causing APEC to lose its Pacific identity and focus.

13. (C) Schmidt said Peru's APEC presidency in 2008 would be a tremendous opportunity for Latin America to assert itself within APEC. Chile would encourage Peru in that effort, as well as lead by the power of its example and its ideas.

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